
PROGRAM NARRATIVE

190 RETIREMENT AND INVESTMENT OFFICE

Date: 12/13/2006

Time: 11:42:34

Program: Teachers Fund for Retirement	Reporting Level: 00-190-100-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

No performance measures have been created.

PROGRAM STATISTICAL DATA

The Teachers' Fund for Retirement (TFFR) has nearly 10,000 active, 1,500 inactive and 5,600 retired members. The 5,600 retired members receive monthly retirement, disability and survivor benefits from TFFR totaling over \$85 million annually. Of this amount, 86% or about \$62 million stays in North Dakota. The Fund also distributes approximately 300 refund and rollover checks per year totaling approximately \$3 million.

There are 245 employers (school districts, counties and other state entities) that report retirement contributions to TFFR on a monthly basis. The Fund deposits the daily collections in the Bank of North Dakota. The member and employer contributions average \$5 million per month or \$61 million per year.

TFFR processes an average of 270 new retirements, 700 new membership enrollments, and 200 deceased member accounts per year. Individual benefits counseling sessions are held in the office daily, across the state in larger school districts annually, and in smaller districts on a rotating basis. The schedule includes approximately 20 sites per year. Group presentations are offered as a part of the benefits counseling sessions and upon request for larger groups. Approximately 4 preretirement and/or financial planning seminars are also held each year. Annually, more than 1,000 teachers participate in TFFR outreach programs and educational sessions. Staff members also attend many teachers' conventions, workshops, and meetings to provide information to members about the retirement program.

Four newsletters per year are prepared by the staff and mailed to all retired and non-retired members. Annual statements of account are sent to non-retired members (11,200) and retired members (5,700). About 6,300 1099R tax forms are prepared and distributed by TFFR to the annuitants and members who withdraw their account balance. Member handbooks and related brochures are updated and printed each biennium. An annual financial report is prepared each year. TFFR also provides a website containing retirement information, publications and forms.

EXPLANATION OF PROGRAM COSTS

This request is all special funds:

1. Salary represents 12.8 FTE's responsible for administering the retirement program.
2. The operating funds are to administer the retirement program. There are no new programs in the budget, only adjustments for inflation. Significant object code expenditures are rent, staff and board travel, educational/professional development costs and postage.
3. The contingency funds are needed in case of unexpected budget shortfall.

PROGRAM GOALS AND OBJECTIVES

1. Safeguard membership data and collect retirement contributions from TFFR-covered employers on a monthly basis.
2. Pay accurate claims for retirement, disability, survivor and refund benefits in a timely manner.
3. Provide high quality service and public information to TFFR members and employers in a cost effective manner.
4. Ensure the actuarial and financial soundness of TFFR.

REQUEST DETAIL BY PROGRAM**190 RETIREMENT AND INVESTMENT OFFICE****Biennium: 2007-2009****Bill#: SB 2022****Date: 12/13/2006****Time: 11:42:34**

Program: Teachers Fund for Retirement		Reporting Level: 00-190-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SALARIES AND WAGES					
SALARIES - PERMANENT	914,614	995,006	40,781	1,035,787	0
SALARIES - OTHER	3,538	8,424	-8,424	0	51,456
TEMPORARY SALARIES	0	0	8,424	8,424	0
FRINGE BENEFITS	285,735	343,756	2,539	346,295	0
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	1,203,887	1,347,186	43,320	1,390,506	51,456
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	1,203,887	1,347,186	43,320	1,390,506	51,456
TOTAL	1,203,887	1,347,186	43,320	1,390,506	51,456
OPERATING EXPENSES					
TRAVEL	52,396	91,283	8,630	99,913	0
SUPPLIES - IT SOFTWARE	7,493	2,475	2,175	4,650	0
SUPPLY/MATERIAL-PROFESSIONAL	3,828	2,240	140	2,380	0
MISCELLANEOUS SUPPLIES	6,946	3,411	224	3,635	0
OFFICE SUPPLIES	4,765	13,860	-6,585	7,275	0
POSTAGE	64,329	68,493	16,027	84,520	0
PRINTING	34,936	38,718	-1,949	36,769	0
IT EQUIP UNDER \$5,000	20,900	20,275	-712	19,563	0
INSURANCE	3,738	4,536	-2,282	2,254	0
RENTALS/LEASES-EQUIP & OTHER	5,202	6,432	468	6,900	0
RENTALS/LEASES - BLDG/LAND	100,139	102,087	2,457	104,544	0
REPAIRS	718	2,600	-300	2,300	0
IT - DATA PROCESSING	149,525	92,003	4,669	96,672	0
IT-COMMUNICATIONS	16,854	16,512	1,608	18,120	0
IT CONTRACTUAL SERVICES AND RE	2,557	204,538	4,478	209,016	0
PROFESSIONAL DEVELOPMENT	24,896	34,740	-3,910	30,830	0
OPERATING FEES AND SERVICES	13,562	12,850	5,962	18,812	0
FEES - PROFESSIONAL SERVICES	16,873	20,531	-3,141	17,390	0
TOTAL	529,657	737,584	27,959	765,543	0

REQUEST DETAIL BY PROGRAM**190 RETIREMENT AND INVESTMENT OFFICE****Biennium: 2007-2009****Bill#: SB 2022****Date: 12/13/2006****Time: 11:42:34**

Program: Teachers Fund for Retirement		Reporting Level: 00-190-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

OPERATING EXPENSES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	529,657	737,584	27,959	765,543	0
TOTAL	529,657	737,584	27,959	765,543	0

SPECIAL LINES

CONTINGENCY	0	41,000	0	41,000	0
CONTRACTED SERVICES	1,486,301	513,699	-513,699	0	0
TOTAL	1,486,301	554,699	-513,699	41,000	0

SPECIAL LINES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	1,486,301	554,699	-513,699	41,000	0
TOTAL	1,486,301	554,699	-513,699	41,000	0

PROGRAM FUNDING SOURCES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	3,219,845	2,639,469	-442,420	2,197,049	51,456
PROGRAM FUNDING TOTAL	3,219,845	2,639,469	-442,420	2,197,049	51,456

FTE EMPLOYEES

12.80	12.80	.00	12.80	.00
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FUNDING DETAIL**SPECIAL FUNDS**

207 RETIREMENT AND INVESTMENT FUND 207	3,219,845	2,639,469	-442,420	2,197,049	51,456
TOTAL	3,219,845	2,639,469	-442,420	2,197,049	51,456

CHANGE PACKAGE DETAIL**190 RETIREMENT AND INVESTMENT OFFICE****Biennium: 2007-2009****Bill#: SB 2022****Date: 12/13/2006****Time: 11:42:34**

PROGRAM: Teachers Fund for Retirement		REPORTING LEVEL: 00-190-100-00-00-00-00000000			
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	43,320	43,320
1 Operating	.00	0	0	27,959	27,959
2 Contracted Services	.00	0	0	-513,699	-513,699
Agency Total	.00	0	0	-442,420	-442,420

OPTIONAL REQUEST

3 Optional Salary Adjustments	.00	0	0	51,456	51,456
Optional Total	.00	0	0	51,456	51,456

PROGRAM NARRATIVE

190 RETIREMENT AND INVESTMENT OFFICE

Date: 12/13/2006

Time: 11:42:34

Program: Investment Program	Reporting Level: 00-190-200-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

No performance measures have been created.

PROGRAM STATISTICAL DATA

Investment and financial reporting services are provided for nearly \$4.8 billion in assets for thirteen statutory funds and \$202.4 million for nine funds currently under contract.

Monthly financial statements and performance reports are prepared and distributed for each of 22 funds, RIO and SIB. This involves monitoring and reporting activities on 31 outside money manager organizations and a total of 57 investment accounts at the SIB's master custodian bank.

Total gross costs, including administrative, money manager, custodian and consultant fees, for the year ended June 30, 2005, were \$25.3 million. All investment program costs are paid out of assets of the funds participating in the SIB's program.

EXPLANATION OF PROGRAM COSTS

This request is all special funds:

1. Salary represents 4.2 FTE's which provide all the accounting, financial, administrative support and investment performance services for the funds under management.
2. The operating funds are needed to administer the investment program. Increases for inflation are reflected but there are no new programs in the budget. Significant expenditures are office rent, staff and board travel, and educational/professional development costs.
3. The contingency funds are needed in case of unexpected budget shortfall.

PROGRAM GOALS AND OBJECTIVES

1. Prudently investing the assets entrusted to the State Investment Board (SIB) (for the funds specified in NDCC 21-10-06), in the best financial interest of the funds' beneficiaries. Generally, this means maximizing the total rate of return on these assets, over the long-term, within prudent risk parameters and appropriate liquidity constraints.
2. Pooling trust assets with like objectives, whenever practical, to provide cost-effective investment opportunities.

3. Leveraging the SIB's knowledge of investment techniques and contact network for the benefit of other state agencies.

Investment services currently provided to thirteen statutory funds and nine contracted funds are:

1. Developing investment policies, including investment objectives and asset allocations, for the prudent investment of all trust assets under the Board's oversight, as requested by the governing boards of the various trust funds.
2. Developing and recommending short and long-term investment strategies in line with the investment objectives and liquidity requirements of the various funds.
3. Monitoring, auditing and evaluating the performance of money managers, master custodian, and other agents, and recommending changes as needed to best meet the investment objectives of the various trust funds.
4. Providing monthly financial statements and performance reports.
5. Auditing/reviewing manager data to ensure consistency with master custodian reports.
6. Monitoring proxy voting for all common stock holdings.
7. Semiannual newsletter to over 46,000 PERS and TFFR members.

REQUEST DETAIL BY PROGRAM**190 RETIREMENT AND INVESTMENT OFFICE****Biennium: 2007-2009****Bill#: SB 2022****Date: 12/13/2006****Time: 11:42:34**

Program: Investment Program		Reporting Level: 00-190-200-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SALARIES AND WAGES					
SALARIES - PERMANENT	431,103	489,652	88,541	578,193	0
SALARIES - OTHER	0	936	-936	0	13,845
TEMPORARY SALARIES	0	0	936	936	0
FRINGE BENEFITS	116,358	140,646	5,082	145,728	0
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	547,461	631,234	93,623	724,857	13,845
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	547,461	631,234	93,623	724,857	13,845
TOTAL	547,461	631,234	93,623	724,857	13,845
OPERATING EXPENSES					
TRAVEL	9,308	51,357	-2,472	48,885	0
SUPPLIES - IT SOFTWARE	1,691	825	725	1,550	0
SUPPLY/MATERIAL-PROFESSIONAL	1,587	960	60	1,020	0
MISCELLANEOUS SUPPLIES	1,776	1,211	74	1,285	0
OFFICE SUPPLIES	850	4,620	-2,195	2,425	0
POSTAGE	4,912	8,883	-7,122	1,761	0
PRINTING	2,800	2,907	-351	2,556	0
IT EQUIP UNDER \$5,000	3,601	7,525	-238	7,287	0
INSURANCE	1,418	1,512	-761	751	0
RENTALS/LEASES-EQUIP & OTHER	4,790	6,432	468	6,900	0
RENTALS/LEASES - BLDG/LAND	41,818	42,667	1,023	43,690	0
REPAIRS	204	600	-100	500	0
IT - DATA PROCESSING	9,968	12,116	172	12,288	0
IT-COMMUNICATIONS	3,404	4,008	1,992	6,000	0
IT CONTRACTUAL SERVICES AND RE	504	1,513	1,596	3,109	0
PROFESSIONAL DEVELOPMENT	1,885	18,640	-5,500	13,140	0
OPERATING FEES AND SERVICES	5,100	6,380	1,029	7,409	0
FEES - PROFESSIONAL SERVICES	4,202	4,870	30	4,900	0
TOTAL	99,818	177,026	-11,570	165,456	0

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Program: Investment Program		Reporting Level: 00-190-200-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

OPERATING EXPENSES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	99,818	177,026	-11,570	165,456	0
TOTAL	99,818	177,026	-11,570	165,456	0

SPECIAL LINES

CONTINGENCY	0	41,000	0	41,000	0
TOTAL	0	41,000	0	41,000	0

SPECIAL LINES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	41,000	0	41,000	0
TOTAL	0	41,000	0	41,000	0

PROGRAM FUNDING SOURCES

FEDERAL FUNDS	0	0	0	0	0
GENERAL FUND	0	0	0	0	0
SPECIAL FUNDS	647,279	849,260	82,053	931,313	13,845
PROGRAM FUNDING TOTAL	647,279	849,260	82,053	931,313	13,845

FTE EMPLOYEES

4.20	4.20	.00	4.20	.00
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FUNDING DETAIL**SPECIAL FUNDS**

207 RETIREMENT AND INVESTMENT FUND 207	647,279	849,260	82,053	931,313	13,845
TOTAL	647,279	849,260	82,053	931,313	13,845

CHANGE PACKAGE DETAIL**190 RETIREMENT AND INVESTMENT OFFICE****Biennium: 2007-2009****Bill#: SB 2022****Date: 12/13/2006****Time: 11:42:34**

PROGRAM: Investment Program	REPORTING LEVEL: 00-190-200-00-00-00-00-00000000				
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	93,623	93,623
1 Operating	.00	0	0	-11,570	-11,570
Agency Total	.00	0	0	82,053	82,053

OPTIONALREQUEST

3 Optional Salary Adjustments	.00	0	0	13,845	13,845
Optional Total	.00	0	0	13,845	13,845